MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2015/2016

BLE2874 – LABOUR ECONOMICS

(Distance Education)

17 OCTOBER 2015
9.00 a.m – 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **TWO (2)** printed pages with **FIVE (5)** structured questions.

2. Answer only **FOUR (4)** structured questions.

3. Marks are shown at the end of each question.

ANSWER ONLY FOUR STRUCTURED QUESTIONS (100 Marks)

Question 1

(a) Discuss the impact of wage rate on hours of work and the slope of labour supply curve under the work-leisure decision model on:

(i) A decrease in wage rate when income effect dominates substitution effect.

(ii) A decrease in wage rate when substitution effect dominates income effect.

(iii) A decrease in wage rate when substitution effect equals income effect.

(15 marks)

(b) Explain rationally why male labour supply is much less sensitive to wage changes than is female labour supply.

(10 marks)

(Total: 25 marks)

Question 2

(a) Explain Becker's model of the allocation of time in terms of income and substitution effects when there is an increase in wage rate.

(12 marks)

(b) Government has come out with a policy to reduce unemployment rate during recession. Hence, this helps to increase the official labour force participation rate as the economy enters a recession period. Do you agree? Discuss in terms of added-worker effect and discouraged-worker effect.

(13 marks)

(Total: 25 marks)

Question 3

(a) List four types of labour mobility and give an example for each type.

(10 marks)

(b) Explain how age, education, and unemployment rates factors become part of the determinants of migration?

(9 marks)

(c) Discuss two ways how the wage differentials between two countries tend to narrow and reduce the extent of labour migration.

(6 marks)

(Total: 25 marks)

Continued...

Question 4

(a) Explain the theory of compensating wage differentials.

(5 marks)

(b) Suppose workers with similar skills and education earn different wages. List and discuss four circumstances under which these wage differentials will persist.

(10 marks)

(c) Distinguish between shirking model and turnover model with examples.

(10 marks)

(Total: 25 marks)

Question 5

(a) Discuss the four types of discrimination in the labour market.

(10 marks)

(b) 'Occupational segregation or occupational crowding based on gender will decrease domestic output and efficiency.' Do you agree? Explain.

(5 marks)

(c) Distinguish between the taste discrimination and statistical discrimination models.

(10 marks)

(Total: 25 marks)

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